

IMPACT OF DIVIDEND PAYOUT ON FIRM PERFORMANCE: A STUDY OF LISTED COMPANIES IN SRI LANKA

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Today, in a global business environment the dividend policy has become a debatable topic on whether companies pay dividends or not. A several studies have been explored in the Sri Lankan context to find out the impact of dividend payout on the firm performance of listed companies in Sri Lanka. The main purpose of this study was to investigate the impact of dividend payout on firm performance and to examine whether the growth and leverage of the firm affect the financial performance of food, beverage, and tobacco companies listed in the Colombo Stock Exchange (CSE) in Sri Lanka. To investigate the impact of dividend payout on firm performance fifteen listed food, beverage, and tobacco companies were selected from 2013 to 2019. The study used dividend payout as the independent variable and firm performance as a dependent variable. The dividend payout ratio was used to measure dividend payout. Returns on Assets (ROA) and Returns on Equity (ROE) were used to measure firm performance while firm growth measured by growth in sales and leverage of the firm were considered as control variables of the study. To analyze the data descriptive statistics and panel data analysis (Pooled Ordinary Least Squares regression) were used. The findings revealed that dividend payout had a significant positive impact on the performance of firms that were subjected to this study. The implication of the study indicated that the success of the dividend payout of listed firms gives a certain signal about the richness of the adopted dividend policy of the firm.

Keywords: *Dividend payout; Firm Performance; Returns on Assets; Returns on Equity*
